

REFERENCE TITLE: budget stabilization fund; cap; repeal

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2610

Introduced by
Representative Parker B

AN ACT

AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; RELATING TO THE BUDGET STABILIZATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 35-144, Arizona Revised Statutes, is amended to
3 read:

4 35-144. Budget stabilization fund; definitions

5 A. The budget stabilization fund is established consisting of
6 monies transferred from the state general fund pursuant to subsection B of
7 this section. The state treasurer shall administer the budget
8 stabilization fund and invest and divest monies in the budget
9 stabilization fund as provided by sections 35-313 and 35-314.02, and
10 monies earned from investment shall be credited to the budget
11 stabilization fund. Except as provided by this section:

12 1. Monies in the budget stabilization fund are exempt from the
13 provisions of section 35-190 relating to the reversion of monies to the
14 state general fund.

15 2. The monies in the fund are separate monies to be used only for
16 the purposes of the fund.

17 3. An amount sufficient to pay claims certified by the state
18 forester pursuant to section 37-1305, subsection E, paragraph 4 is
19 continuously appropriated from the fund to the state treasurer for payment
20 of the certified claims. Not more than \$20,000,000 in unreimbursed claims
21 may be outstanding from the fund at any time from the monies appropriated
22 pursuant to this paragraph.

23 B. In a calendar year in which the annual growth rate exceeds the
24 trend growth rate, the excess growth when multiplied by total general fund
25 revenue of the fiscal year ending in the calendar year determines the
26 amount to be appropriated by the legislature to the budget stabilization
27 fund in the fiscal year in which the calendar year ends.

28 C. In a calendar year in which the annual growth rate is both less
29 than two percent and less than the trend growth rate, the difference
30 between the annual growth rate and the trend growth rate when multiplied
31 by the total general fund revenue of the fiscal year ending in the
32 calendar year determines the amount to be transferred by the legislature
33 from the budget stabilization fund to the state general fund at the end of
34 the fiscal year in which the calendar year ends. The transfer calculated
35 pursuant to this subsection shall not exceed the available balance in the
36 budget stabilization fund, nor shall the legislature transfer an amount
37 that exceeds the amount sufficient to balance the state general fund
38 budget.

39 D. The legislature shall pass a bill that contains the emergency
40 clause if the legislature either:

41 1. Reduces the amount for appropriation to the budget stabilization
42 fund under subsection B of this section.

43 2. Increases the amount for transfer to the state general fund
44 under subsection C of this section.

1 E. The annual budget recommendations of the governor and the joint
2 legislative budget committee shall include estimates of appropriations or
3 transfers required under subsection B or C of this section.

4 F. A final determination of the amount to be appropriated to or
5 transferred from the budget stabilization fund shall be made using
6 personal income and price deflator estimates as reported in the second
7 calendar quarter for the preceding calendar year. The economic estimates
8 commission shall determine the annual growth rate, the trend growth rate
9 and the required appropriation to or transfer from the budget
10 stabilization fund at its first meeting following the second calendar
11 quarter report of the United States department of commerce, but not later
12 than June 1. The commission shall certify and report its findings to the
13 governor, the state treasurer, the president of the senate, the speaker of
14 the house of representatives and the joint legislative budget committee.

15 G. The appropriation calculated pursuant to subsection B of this
16 section may be included in the general appropriations bill for that fiscal
17 year. Any additional appropriation calculated pursuant to subsection F of
18 this section shall be made by a separate act.

19 ~~H. At the end of a fiscal year, the budget stabilization fund~~
20 ~~balance shall not exceed ten percent of state general fund revenue for the~~
21 ~~fiscal year. Any surplus monies above ten percent shall be transferred by~~
22 ~~the state treasurer to the state general fund.~~

23 ~~i.~~ H. The state treasurer may temporarily divest monies in the
24 budget stabilization fund to avoid a negative cash balance in operating
25 monies. The amount divested shall not exceed the amount required to meet
26 immediate cash needs. The state treasurer may divest monies in the budget
27 stabilization fund only when the state general fund has a negative cash
28 balance.

29 ~~ii.~~ I. For the purposes of this section:

30 1. "Adjusted personal income" means personal income minus transfer
31 payments, as reported by the United States department of commerce, bureau
32 of economic analysis, or its successor agency.

33 2. "Annual growth rate" means the percentage change in real
34 adjusted personal income in the calendar year ending during a fiscal year
35 as compared to real adjusted personal income for the preceding calendar
36 year. The annual growth rate shall be rounded to the nearest
37 one-hundredth of one percent.

38 3. "GDP price deflator" means the gross domestic product price
39 deflator reported by the United States department of commerce, bureau of
40 economic analysis, or its successor agency.

41 4. "Personal income" means the total personal income of all persons
42 in this state reported by the United States department of commerce, bureau
43 of economic analysis, or its successor agency.

- 1 5. "Real adjusted personal income" means an amount that is
2 determined by dividing adjusted personal income by the GDP price deflator
3 and multiplying the result by one hundred.
- 4 6. "Transfer payments" means that portion of personal income that
5 represents a government expenditure for which no service is rendered or
6 product is delivered, as determined by the United States department of
7 commerce, bureau of economic analysis, or its successor agency.
- 8 7. "Trend growth rate" means the average annual growth rate for the
9 most recent seven calendar years, rounded to the nearest one-hundredth of
10 one percent.